

NORTH LINCOLNSHIRE COUNCIL

CHILDREN AND FAMILIES CABINET MEMBER

SCHOOLS FUNDING FORMULA AND EARLY YEARS FUNDING FORMULA 2023-24

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To update the Cabinet Member regarding the 2023-24 funding allocations for Dedicated Schools Grant (DSG) and the amount available for Individual School Budgets (ISB) and Early Years providers.
- 1.2 To seek Cabinet Member approval for the proposed Schools Funding Formula for North Lincolnshire mainstream schools.
- 1.3 To seek Cabinet Member approval for the proposed Early Years Funding Formula (EYFF) for early years providers.
- 1.4 The local authority is required to notify mainstream maintained schools of their school budget shares by 28th February 2023 and indicative allocations to early years providers by 1st April 2023.

2. BACKGROUND INFORMATION

- 2.1 The Education and Skills Funding Agency (ESFA) publish operational guides annually to help local authorities and their Schools Forum plan the local implementation of school funding formulas and deliver early years entitlements for the forthcoming year.
- 2.2 On 16th December 2022 the ESFA published the 2023-24 Dedicated Schools Grant (DSG) Allocations, based on October 2022 School Census data. The allocation for North Lincolnshire is £167.638m after recoupment and deductions for National Non-Domestic Rates (NNDR) and direct funding of High Needs Places by the Education and Skills Funding Agency (ESFA). This is an increase of £8.736m from last year. The DSG consists of four funding blocks:
 - Schools Block £129.981m

- High Needs Block £26.736m
 - Early Years Block £9.892m
 - Central Schools Services Block £1.029m
- 2.3 The schools block funds all mainstream schools and is ring fenced. The Operational guide sets out how Individual School Budget (ISB) shares can be calculated.
- 2.4 North Lincolnshire Councils' local school funding formula mirrors the schools National Funding Formula (NFF).
- 2.5 Key changes to the schools NFF in 2023 to 2024 are:
- 2.5.1 Rolling the 2022/23 schools supplementary grant into the NFF and
- 2.5.2 Increasing NFF factor values by:
- 4.3% to FSM ever 6 and IDACI
 - 2.4% to basic entitlement, low prior attainment, FSM, EAL, mobility and sparsity factors and the lump sum
 - 0.5% to the floor of MPPL
- 2.6 Key features of the local authority formulae arrangements in 2023 to 2024 are:
- Local authorities have the freedom to set the minimum funding guarantee (MFG) in local formulae between +0.0% and +0.5% per pupil
 - The minimum per pupil level remains mandatory, at the NFF values
 - Local authorities are able to transfer up to 0.5% of their schools block to other blocks in the DSG, with schools forum approval
 - The ESFA pays NNDR directly to billing authorities on behalf of all state funded schools.
- 2.7 The Early Years Block funds all providers of early education to two, three and four-year-olds.
- 2.8 It is a statutory duty of the LA to provide up to a maximum of 15 hours funded early education for 38 weeks of the year for all three and four-year olds in North Lincolnshire, and an additional extended 15 hours for children of working parents that meet an eligibility criteria. More than 90% of three and four-year olds take-up their universal 15 hours entitlement to early education, of these approximately 44% take-up additional extended hours.
- 2.9 Two-year olds can claim up to 15 funded hours of early education for 38 weeks of the year where their family circumstances make them eligible. To meet the criteria families must be eligible for free school meals (FSM) or be in receipt of Universal Credit/tax credits and have an annual income of under £16,190 before tax or where a child is or was looked after by a

Local Authority. Take-up of two-year olds is consistently higher than the national average.

- 2.10 Local authorities determine their own local formula that meets the requirements of statutory guidance in consultation with Schools Forum. Early years' providers receive funding based on participation of individual children each term.
- 2.11 This report sets out the final proposals for the North Lincolnshire schools funding formula and the North Lincolnshire Early Years Formula for 2023-24.

3. OPTIONS FOR CONSIDERATION

- 3.1 To use the factors detailed in Appendix 1 to calculate the individual schools budget shares for mainstream schools within North Lincolnshire for 2023-24.
- 3.2 Locally determined Proposals
 - 3.2.1 Apply a minimum funding guarantee at 0.5%
 - 3.2.2 Apply sparsity funding at the fixed lump sum and utilisation of the optional distance taper threshold.

A school is eligible for sparsity funding in the NFF if:

- Its sparsity distance is equal to or above the main distance threshold, or above the tapered distance threshold (Between 1.6 to 2 miles for primary and 2.4 to 3 miles for secondary)
- The average year group size is below the year group threshold. The taper on year group size allows the smallest schools to attract the maximum sparsity funding.

3.2.3 Exceptional circumstances factors – Listed Buildings

- Premises funding in the NFF is based on historic spending at local authority level rather than on up-to-date costs and needs.

Local authorities can apply to the ESFA for an exceptional circumstances factor relating to school premises costs. For example, these could be for rents, listed buildings, hire of PE facilities.

- There are two schools in North Lincolnshire that have grade II listed buildings status. These schools face additional cost pressures in both maintenance and energy efficiency. An application was made to the ESFA for an exceptional factor listed buildings and has been approved.

- 3.3 To use the rates detailed in Appendix 2 to calculate the early years funding formula for all early years settings in North Lincolnshire.

4. ANALYSIS OF OPTIONS

- 4.1 School funding guidance allows a minimum funding guarantee to be set between 0.0% and 0.5%. The proposal is to set the maximum MFG of 0.5%. Schools forum were consulted on 6th October 2022 and supported the proposal.
- 4.2 In the NFF schools sparsity allocations are tapered according to average year group size, so that the smaller the school the greater the allocation. Schools with a sparsity distance equal to or greater than the main distance threshold (2 or 3 miles) and an average year group size of less than half the year group threshold receive 100% of the sparsity funding for their phase.
- 4.3 Local authorities can instead determine schools' allocations by a continuous taper or a fixed lump sum. The continuous taper means schools with an average year group size of less than half the year group threshold will not receive 100% of the sparsity funding for their phase. Instead they would receive half the maximum. The fixed lump sum means all schools eligible receive the exact same sparsity amount irrespective of their size.
- 4.4 Schools forum have supported the use of the fixed rate sparsity factor. There are 19 schools in North Lincolnshire that attract sparsity funding. Applying the new optional distance taper enables a further two schools to receive some sparsity funding.
- 4.5 On 6th October 2022 the schools forum supported the proposal to put forward an application to the ESFA for an exceptional premises factor for listed buildings. This was approved by the ESFA on 30th November 2021. Where local authorities have already received approval for exceptional circumstances, they can continue to use the approved factors if the criteria are still being met.
- 4.6 The formula factors meet the requirements of the DFE guidance and uses the data as prescribed by the DFE.
- 4.7 Three scenarios were modelled in relation to Early Years funding and presented to the sector and Schools Forum for consideration. Each scenario presented differences in the base rates for two, three and four year olds and the supplements available.
- 4.8 The early years scenarios presented to the sector and Schools Forum are affordable within the Early Years DSG allocation and meet statutory funding requirements. The part-time equivalent numbers of children are lower than the DfE funding allocations, as such there is contingency funding of £0.310m available to meet fluctuations in numbers of children.

5. FINANCIAL AND OTHER RESOURCE IMPLICATIONS (e.g. LEGAL, HR, PROPERTY, IT, COMMUNICATIONS etc.)

- 5.1 The total cost of the schools funding formula is £130.795m (after deductions for the payment of NNDR by the ESFA). The final DSG, schools block allocation from the DfE is £129.981m.
- 5.2 The DSG schools block earmarked reserve is estimated to be £1.169m as at 31st March 2023. The DSG earmarked reserve is ring fenced and must be used to support the schools' budget.
- 5.3 Of the initial funding allocation for the Early Years Dedicated Schools Grant 2023/24 (£9.892m), the council retain £0.393m towards early years support services. Actual allocations for 2023/24 are based on 5/12th of January 2023 part time equivalent (pte) child numbers (to cover April 2023 to August 2023) and 7/12th of the January 2024 pte child numbers (to cover September 2023 to March 2024).

6. OTHER RELEVANT IMPLICATIONS (e.g. CRIME AND DISORDER, EQUALITIES, COUNCIL PLAN, ENVIRONMENTAL, RISK etc.)

- 6.1 There are no other relevant implications.

7. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

- 7.1 The Department for Education have completed a national Equality assessment.

8. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

- 8.1 All mainstream schools have been consulted on the schools funding formula changes.
- 8.2 Early years providers and schools have been consulted on the Early Years Funding Formula.
- 8.3 Schools Forum have been consulted and endorse the proposals set out in this report.

9. RECOMMENDATIONS

- 9.1 The factors detailed in Appendix 1 are used to calculate the individual schools budget shares for mainstream schools within North Lincolnshire for 2023/24.

- 9.2 The schools block earmarked reserve is used to finance the shortfall between the schools block allocation and the total cost of the school funding formula (£814k).
- 9.3 The early years formula factors and values as presented in appendix 2 are approved for the financial year 2023/24.

DIRECTOR: GOVERNANCE AND COMMUNITIES, AND
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Background Papers used in the preparation of this report –

The National Funding Formula for Schools and High Needs 2023 to 2024: Policy Document

Schools Revenue Funding: Operational Guide 2023 to 2024

Early Years entitlements: local authority funding of providers operational guide 2023 to 2024

Reports to Schools Forum 6th October 2022 and 19th January 2023

Appendix 1

Funding Formula Factor Values				
Pupil-Led Factors	2022-23		2023-24	
	Primary	Secondary	Primary	Secondary
AWPU - Primary	£3,217		£3,394	
AWPU - Secondary KS3		£4,536		£4,785
AWPU - Secondary KS4		£5,112		£5,393
Deprivation				
FSM	£470	£470	£480	£480
FSM Ever 6	£590	£865	£705	£1,030
IDACI Band F	£220	£320	£230	£335
IDACI Band E	£270	£425	£280	£445
IDACI Band D	£420	£595	£440	£620
IDACI Band C	£460	£650	£480	£680
IDACI Band B	£490	£700	£510	£730
IDACI Band A	£640	£890	£670	£930
English as an Additional Language	£565	£1,530	£580	£1,565
Mobility - children starting school outside of normal entry dates	£925	£1,330	£945	£1,360
Prior Attainment	£1,130	£1,710	£1,155	£1,750
Other Factors				
Lump Sum	£121,300	£121,300	£128,000	£128,000
Sparsity	Up to £55,000	Up to £80,000	£56,300	£81,900
Minimum Per Pupil Funding Level (MPPL)	£4,265	£5,525	£4,405	£5,715

Appendix 2

Early Years Funding Formula Values (per hour per child)			
		2023/24	2022/23
Two Year Old Funding	Per hour per child	£5.63	£5.57
Base rate (three and four year olds)	Per hour per child	£4.58	£4.35
Deprivation	Per hour per child	£0.08	£0.05
Early Years Pupil Premium	Per hour per child	£0.62	£0.60
Disability Access Fund	Lump Sum	£828	£800
Sufficiency	Lump Sum	£4,000/£7,000	£3,000/£7,000